

AMENDED IN SENATE AUGUST 29, 2007

AMENDED IN SENATE JUNE 18, 2007

AMENDED IN SENATE JUNE 5, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 959

Introduced by Assembly Member Soto

February 22, 2007

An act to amend Section 19630.5 of the Welfare and Institutions Code, relating to blind persons, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 959, as amended, Soto. ~~Blind Vendor Revolving Loan Fund.~~
BEP Vendor Loan Interest Rate Buy-Down Fund.

Existing state and federal laws provide for the establishment of vending facilities to be operated by blind vendors on state and federal property. The program is administered by the Director of Rehabilitation, and requires the director to establish the Business Enterprises Program for the Blind, and to encourage and establish these vending facilities.

Existing law also provides for the Blind Vendor Revolving Loan Fund in the State Treasury, and continuously appropriates moneys in the fund to the department, for the purpose of providing loans for the purchase of inventory and equipment by existing blind vendors, in accordance with specified criteria.

Existing law provides that the fund includes moneys appropriated by the Legislature, moneys collected from repayment of loans, and all interest and other earnings of moneys in the fund.

This bill would, commencing January 1, 2008, rename the fund as the BEP Vendor Loan Interest Rate Buy-Down Fund, would delete moneys collected from repayment of loans from the fund, and would require the department to use moneys in the fund for the purposes of reducing the interest paid by vendors for loans.

This bill would delete the department's authority to use the fund to grant loans and would, instead, authorize the department to use the fund to reduce the interest vendors must pay for loans issued by eligible lenders, as defined, to purchase inventory and equipment for vending facilities.

The bill would require the department, in determining eligibility for ~~a loan-guarantee interest buy-down assistance~~ from this fund, to make any ~~loan-guarantee assistance~~ contingent upon a determination that the blind vendor reasonably can be expected to repay the loan based, in part, on the vendor's expected income. The bill would permit the department, in the event that the *total* amount of ~~loans assistance~~ applied for exceeds the *total* amount of ~~the loans assistance~~ that may be guaranteed, to establish a system of priorities for the approval of ~~loans applications~~.

~~The bill would delete the limitation that a person is eligible for only one loan at a time, would authorize an eligible lender to assess on a vendor a loan guarantee fee, and would require the fee to be deposited into the fund to be used for these purposes. By increasing the funds to be deposited into the~~ *changing the purpose of a* continuously appropriated fund, this bill would make an appropriation.

Vote: ~~majority~~^{2/3}. Appropriation: yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 19630.5 of the Welfare and Institutions
- 2 Code is amended to read:
- 3 19630.5. (a) The Blind Vendor Revolving Loan Fund is hereby
- 4 created in the State Treasury, and, notwithstanding Section 13340
- 5 of the Government Code, is continuously appropriated without
- 6 regard to fiscal years to the department for the purposes specified
- 7 ~~in subdivision (e) this section.~~ The fund shall be interest bearing.
- 8 *Commencing January 1, 2008, the fund is hereby renamed the*
- 9 *BEP Vendor Loan Interest Rate Buy-Down Fund.*

1 (b) ~~The Blind Vendor Revolving Loan Fund~~ *fund* shall consist
2 of moneys appropriated to that fund by the Legislature, ~~moneys~~
3 ~~collected pursuant to the repayment of loans made pursuant to~~
4 ~~subdivision (e), and, and notwithstanding Section 16305.7 of the~~
5 ~~Government Code, all interest, dividends, and pecuniary gains~~
6 ~~from investments or deposits of moneys in the fund.~~

7 ~~(e) (1) Moneys in the fund shall be used by the department for~~
8 ~~the purpose of providing loans, made by eligible lenders, to existing~~
9 ~~blind vendors for the purchase of inventory and equipment.~~

10 ~~(2) Any eligible lender that provides a loan under this section~~
11 ~~may assess on a vendor an authorized loan guarantee fee. Moneys~~
12 ~~from this fee shall be deposited in the Blind Vendor Revolving~~
13 ~~Loan Fund.~~

14 ~~(3) All loans from the fund shall accrue interest at the rate of~~
15 ~~the Pooled Money Investment Account plus 1 percent, as issued~~
16 ~~annually by the Department of Finance.~~

17 ~~(d) Pursuant to Sections 19006 and 19016, the department, in~~
18 ~~consultation with the appropriate stakeholders, shall adopt~~
19 ~~regulations necessary to implement this section by July 1, 2008.~~
20 ~~These regulations shall include, but need not be limited to,~~
21 ~~provisions that allow an eligible lender to have access to any~~
22 ~~collateral owned by a blind vendor on state property for the purpose~~
23 ~~of securing defaulted loans.~~

24 ~~(c) (1) Moneys in the fund shall be used by the department for~~
25 ~~the purpose of reducing the interest that vendors must pay for~~
26 ~~loans issued by an eligible lender to purchase inventory and~~
27 ~~equipment for vending facilities.~~

28 ~~(2) The department shall make any funding contingent upon the~~
29 ~~vendor's good standing in the Business Enterprises Program and~~
30 ~~a determination that the department has not paid interest on any~~
31 ~~other loan obtained by the vendor.~~

32 ~~(3) Upon a determination that a vendor is eligible, the~~
33 ~~department shall pay, on behalf of the vendor, to an eligible lender,~~
34 ~~an amount not to exceed five thousand dollars (\$5,000) to reduce~~
35 ~~the fair market interest rate of a loan described in paragraph (1)~~
36 ~~by up to 3 percent.~~

37 ~~(4) In the event that a vendor fails to repay a loan to an eligible~~
38 ~~lender, the lender shall reimburse the fund for the fund's share of~~
39 ~~any interest not yet accrued as of the time of default by the vendor.~~

40 ~~(e)~~

(d) In determining eligibility for a loan-guarantee interest buy-down assistance from this fund, the department shall make any loan-guarantee interest buy-down assistance contingent upon a determination that the blind vendor reasonably can be expected to repay the loan based on the vendor's expected income and that the applicant is currently an active vendor and has been in the Business Enterprises Program for at least one year.

(f)

(e) For purposes of this section, "eligible lender" means a financial institution organized, chartered, or holding a license or authorization certificate under a law of this state or in the United States to make loans or extend credit and subject to supervision by an official or agency of this state or the United States.

(g) Loans guaranteed

(f) Loan interest buy-down assistance pursuant to this section shall be made without regard to race, religion, creed, or sex.

(h) The total amount of all outstanding debts, obligations, and liabilities which may be incurred or created

(g) The total amount of interest buy-down assistance that may be provided under this section is limited to the amount contained in the Blind Vendor Revolving Loan Fund fund, and the state shall not be liable beyond the amount contained in that fund for these debts, obligations, and liabilities.

(i)

(h) In the event that the amount of loans total amount of loan interest buy-down assistance applied for under this section exceeds the amount of the loans that may be guaranteed total amount of assistance that may be provided pursuant to this section, the department may establish a system of priorities for the approval of loans applications.